Green Economy and Trade Opportunities Project (GE-TOP) South Africa

Summary Report of 1st National Stakeholder Workshop

Pretoria, 29 January 2015

1. Summary

The first stakeholder involvement workshop for the GE-TOP South Africa took place on 29 January 2015 in the boardroom of the National Agricultural Marketing Council in Pretoria. About 20 participants from various official departments, certification bodies and industry associations participated in the workshop to kick-off the GE-TOP country study jointly developed by **tralac** and UNEP. The full day workshop was accompanied by presentations from delegates. The Q&A session and discussions opened up areas of collaboration, and feedback will be considered and implemented, within the scope and as the study progresses.

2. Overview and summary of workshop presentations

Session 1	Welcome, *Willemien Viljoen (tralac)*
Session 2	Green Economy and Trade Opportunities Project (GE-TOP)
	UNEP South Africa, Cecilia Kinuthia-Njenga (UNEP)
	GE-TOP global, Lennart Kuntze (UNEP)
Session 3	GE-TOP South Africa, *Armin Roggendorf (Afri-Trade)*
Session 4	Industrial Policy Action Plan, Agro-Processing and Organic Sector Development, *Thembelihle Ndukwana (Department of Trade and Industry)*
	Export Promotion Challenges and Success Stories, *Gordon Gleimius (Department of Trade and Industry)*
Session 5	Organic agriculture in South Africa, the EU and East Africa, *Konrad Hauptfleisch (International Federation of Organic Agriculture Movements)*
Session 6	Fair trade – International market opportunities through certification: A case study from South Africa, *Arianna Baldo (Fairtrade Label South Africa)*

Presentations can be downloaded here https://www.dropbox.com/sh/9kt1qpy8rbvesqg/AABC7cgBfvMauJlSn6HYiPPba?dl=0

Cecilia Kinuthia-Njenga, Head of UNEP country office in South Africa, made opening remarks regarding the national work UNEP is undertaking in the area of the green economy

in general, and through the GE-TOP specifically. There is a need for a holistic approach in monitoring the transition to a green economy and the impact of the transition in a variety of sectors. This includes developing a monitoring framework to measure the extent of the transition to a green economy and its contribution to the reduction of greenhouse gas emissions.

Lennart Kuntze from UNEP discussed the global GE-TOP, with a focus on South Africa. A Green Economy is 'one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities'. In the Rio+20 outcome document, international trade has been identified as an engine for sustained growth and environmental sustainability. The GE-TOP activities deal with the nexus between trade and the Green Economy, and aim to identify, assess and enhance trade opportunities that arise from the Green Economy transition, and vice versa. The global GE-TOP is currently in its second phase which applies the conceptual framework of the report 'Green Economy and Trade – Trends, Challenges and Opportunities' to the national context of five partner countries, namely Chile, Ghana, Peru, South Africa and Viet Nam, in respective national high-potential sectors. The GE-TOP South Africa focuses on identifying trade opportunities from a shift to organic farming in the agricultural and agro-processing sector.

Armin Roggendorf from Afri-trade provided background information to and initial key findings for the GE-TOP South Africa study. Given the increased awareness of sustainability in society and rising consumer demand for sustainable products, there has been an overall increase in the production of organic agricultural products worldwide. Between 2011 and 2012, the area of agricultural land in Africa converted from traditional to organic agriculture production increased by 6.75 percent. The African countries with the largest amount of organic agricultural land coverage in 2012 were Uganda, Tanzania, Ethiopia and Tunisia. Europe and the United States are the biggest markets for organic products worldwide. In 2012, the organic market in Europe grew by approximately 6 percent. However, demand outside these two markets is still relatively small. Within this background and South Africa's aspiration to develop a sustainable economy, the national GE-TOP study analyses organic agricultural production as a driver for sustainable trade, economic growth, employment creation and environmentally-friendly production practices. To determine the export potential of organic agriculture for achieving green growth and development goals, a variety of stakeholders have been identified to participate in the study. These include various

government departments, farmers and cooperatives of specific products (wine, rooibos, honeybush etc.), certification bodies and importers within identified destination markets (focus on the EU-EFTA region). Although no precise information regarding the status of organic farming in South Africa is available, the general indication is that the sector is growing. This can lead to a variety of benefits for the South African industry, including increased investment in new technologies, knowledge transfer, increased employment, reduced cost and increased productivity, increased public infrastructure and meaningful rural development, and increased biodiversity and a reduction in soil degradation.

Thembelihle Ndukwana from the Dti presented on the work being done in the organic sector by the Department based on the findings of the 2008 FRIDGE study and the 2012 Industrial Policy Action Plan (IPAP). The FRIDGE study identified organic agriculture as a key sector of the South African economy, and the IPAP states that the organic food sector represents a high value sub sector that presents an opportunity for job creation in the primary and agro-processing phases of the value chain. Based on these findings the Organic Retailer Programme was launched in March 2012 to link small scale organic farmers and cooperatives with retail supermarkets and guarantee credibility of the quality of products to the highest standard. However, various challenges were experienced in the implementation of the Programme: a lack of records to ensure and proof that organic practices were in place, a lack of understanding by farmers of what organic production means in that some used treated seeds and fertilizers, and a shortage of certified organic products (*market without supply*). The workshop participants pointed out that the Programme was a good example of an unsuccessful top-down approach to the promotion of organic production; the programme could not be successful for as long as capacity in organic agriculture production and processes were not build first to ensure retailer and consumer demand could be met.

Gordon Gleimius of the Dti presented the export promotion and marketing activities, initiatives and services the Department provides for South African producers, manufacturers and exporters. The Dti offers various services and activities to South African businesses which ban be utilized by organic farmers, cooperatives and exporters to promote South African organic products in various destination markets. These services include gathering market information, identifying markets with export potential, advisory services, market access through activities including National Pavilions and financial assistance through marketing and incentive schemes.

Konrad Hauptfleisch of IFOAM looked at organic agriculture in South Africa, the EU and East Africa. The global market for organic products has grown vastly over the last 12 years. The majority of products are being produced in Asia and Africa with the biggest destination markets being the United States and Europe. The majority of the consumers demanding organic products are located in the US (44%), Germany (14%) and France (8%). Organic agriculture provides an opportunity for African countries to contribute to climate change mitigation and adaptation and, due to price premiums, to reduce poverty amongst poor and marginalized farmers in African countries. Agricultural producers in many East African countries have been successful in taking advantage of the increased demand for organic products. This has mainly been attributed to trade and export promotion, capacity building support from various donors (incl. UNEP, UNCTAD), the development of various organic movements across east African countries, the development and implementation of organic standards and the creation of consumer awareness. In comparison with east Africa, the current picture of organic agriculture in South Africa is quite bleak. A national Draft Organic Policy has been developed, but acceptance and implementation have been delayed for many years. The current policy, if and when implemented, would only cover voluntary standards applicable to imports. Organic standards, as regulations applicable to domestic production and importation are only earmarked to be implemented in approximately five years.

Arianna Baldo of Fairtrade presented a case study regarding the market access opportunities available in international markets through certification. Fairtrade is an ethical certification aimed at promoting equality and sustainability in the farming sector by improving the working and living conditions of farm workers and emphasising sustainable farming. The Fairtrade standards consist of three basic components, which match the pillars of sustainable development: social (based on International Labour Organisation principles), environmental (good agricultural practices, increase in biodiversity, reduction of carbon emissions) and economic (minimum floor pricing and a development premium). The global market for Fairtrade products has grown significantly over past years. In 2013, global Fairtrade sales increased by 15 percent with the key products being coffee, cocoa, sugar, bananas, cotton and tea. South Africa was the first emerging market to launch Fairtrade in 2010, and between 2012 and 2013 Fairtrade sales in South Africa grew by 22 percent. One of the key products in South Africa is Fairtrade wine with approximately 460 000 bottles produced in 2013. The Heiveld Cooperative is one of the national success stories illustrating

the opportunities from Fairtrade certification: by producing certified Fairtrade rooibos tea, the cooperative was able to develop and improve local infrastructure, set up a tertiary education bursary scheme, provide financial support to community members, improve exports and train members in organic production techniques.

3. Stakeholder Group Discussions

During the lively inter-stakeholder discussions and Q&A segments subsequent to each presentation, the following questions surfaced about the GE-TOP South Africa:

- What is the role of small and medium enterprises (SMEs) in the scope of the study?
- What is the rationale for choosing the specific products included in the study?
- Based on the current energy crises in South Africa, why focus on the potential of organic agriculture rather than the renewable energy market?
- What is the motivation for choosing the export markets of the EU and EFTA? Why not other emerging economies like China, India or Brazil?
- Is the study limited to organic agricultural production, or will wild harvest and medicinal plants also be included?
- To what extent has there been progress in drafting organic regulations in South Africa? If organic standards or regulations are drafted and implemented, to what extent will these legal instruments contribute to export promotion? Until such a time that standards and/or regulations are in place, what can be utilized to fill this void?

Discussions also identified a magnitude of areas specific to organic agriculture and socio-economic development for future research and exploration:

- The impact of production and export promotion of organic vegetable farming on the socio-economic development and poverty alleviation among small scale and cooperative farmers located in remote rural areas.
- Developing a programme for the promotion of small scale organic farming.
- What are the implications of organic farming (for small, medium and large scale) and trade for the larger social dimension relating to the role of women in farming, education, nutrition dietary requirements and correctional services programmes.
- What are the opportunities to link small scale organic farming and agro-processing with activities related to eco-tourism?

- How do you promote domestic small scale or cooperative organic farming and agro-processing to create access to local, regional and international markets that will lead to direct socio-economic benefits for the communities?

4. Summary stakeholder feedback and implications

A wealth of substantive feedback and guidance was gathered from stakeholders, which will be considered and implemented, within the scope and as the study progresses. Main stakeholder feedback included the following:

a. Focus of study: In absence of a South African organic standard, the analytical focus of the study is rather trade oriented. It aims to identify sustainable market opportunities for South Africa's organic sector according to its development profile, and the impact of certification and labelling standards for organic food production for export.

b. Scope of study: The scope of the study needs to be framed accurately, i.e. that local small holder development is crucial to a domestic organic market development. Currently, a number of studies and short-supply chain development programmes are being conducted by other institutions and efforts to be collaborated.

c. Product range: The study has a wide range of products, which might be a challenge in terms of data availability, and the duration of the study. A number of valuable stakeholders could be identified on trade fairs and request for collaboration is pending.

d. Regulatory aspects: South Africa's organic regulation is currently due for public comment. The exact form of ratification and implications, e.g. enforcement of labelling requirements would need to be assessed. The SA organic standard is an open IFOAM based standard which allows for export of certified produce and local market development through a participatory guarantee system, where farmers certify and monitor each other.

e. Trade aspects: The global organic market of certified products was valued at USD 72bn in 2013, from USD 15.2bn in 1999. The biggest markets are USA with USD 26.7bn followed by Europe with USD 24.3bn. A study focus on the EU-EFTA region will allow for small to medium sized quantity supply to export markets.

f. Environmental aspects: The environmental profile of the study will be strengthened, i.e. environmental benefits from organic food production, climate change, soil fertility etc. Relevant studies and areas for collaboration with stakeholders will need to be identified.

g. Social aspects: The study offers research opportunities around community development, skills transfer, and health aspects. Relevant studies and areas for collaboration with stakeholders would need to be identified.